

# Brazilians Looking for High-Quality Wines

By *Andrea Figueiredo-Stevenson*

**A**lthough the Brazilian economy has faced several setbacks over the last several years, the country has a growing population of higher income consumers who are willing to pay for good-quality wines. Brazil imports most of its wines from Chile, Italy, Argentina, Portugal and France.

However, there is a growing interest in wines produced in the United States. With a little creative marketing and more active participation on brand-building activities such as local wine shows, U.S. wines can gain stronger consumer recognition and acceptance.

## Homemade

The Brazilian wine industry is based in the country's southern region, in the state of Rio Grande do Sul, which accounts for 95 percent of domestic production. The northeast produces the other 5 percent.

The country invested heavily in its wine industry during the 1970s. Although Brazil's grapes remain inferior to those of Chile and Argentina, Brazilian wines have shown significant improvement, and in 2002 producers started to export quality wines to the United States.

Eighty percent of Brazil's high-quality wines are produced from American hybrid and other hybrid grape varieties. Brazil's sparkling wine production has been surging by almost 25 percent annually in recent years, spurred by increased domestic consumption as well as a growing international reputation.

## Demand for High Quality

Despite this increased domestic production, Brazil is more and more dependent on wine imports to meet consumption demand. Per capita wine consumption in Brazil is about 2.3 liters (1 liter = 1.0567 quarts) per year, ranking it 17th in the world.

Due to a large campaign on the health benefits of consuming red wines, these varieties have garnered about 60 percent of the Brazilian market. Because of a strong European influence, consumption of table wines is very popular in southern Brazil. There is also a significant growth in the consumption of high-quality wines, most of them imported from Europe and from other South American countries. These wines are popular with restaurants and hotels, a rapidly growing sector in Brazil.

Among Brazilians who can afford to purchase luxury items, imported wines are very popular. European and South American imports still have an advantage in the market due to lower tariffs, but U.S. wines can make inroads with a little consumer education.

## Making a Splash

U.S. wine exporters interested in entering the Brazilian market should establish a relationship with a Brazilian importer. The importer must be familiar with importing procedures and marketing channels for high-quality wines. The Brazilian importer must also have good access to the retail and HRI (hotel, restaurant and institutional) sectors.

Quality, availability, brand name familiarity and price are crucial factors that Brazilian consumers consider when



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choosing wines. How should U.S. suppliers tackle these issues?

- **Quality.** Brazilian consumers are well acquainted with quality and are able to judge wines accordingly. Due to higher prices, U.S. wines will be popular with consumers who are more interested in quality and less concerned about price. When trying to access this end of the market, exporters should present their best wines and focus their marketing activities towards the higher income population.
- **Availability.** The majority of Brazilian consumers of high-quality wines are faithful to their local commercial establishments. It is important that U.S. wines be well placed in these outlets, which include supermarket chains, specialized wine stores and upscale restaurants.
- **Brand.** U.S. wines are relatively new to the Brazilian consumer. U.S. exporters should use educational activities such as in-store promotions, cooking shows, local trade shows and joint promotions with restaurants and hotels to get their brands known.



19064

If the winery can send a representative to promotional activities, they are much more effective. *Vino Brasil*, a major wine trade show held each year in September, is an excellent place to introduce your wines into this market.

- **Price.** U.S. wines face stiff price competition, especially from Chilean and Argentine wines, which benefit from shorter shipping distances and, as noted, lower tariffs. When considering price competitiveness, U.S. exporters should work on building an image of U.S. wines as high-quality products. Brazilians often are willing to pay higher prices for products they know and like.

Once having made the decision to export wines to Brazil, U.S. exporters and their importers must work together on aggressive marketing and educational campaigns to build consumer awareness and brand reputation.

### Import Regulations

Wineries whose products are imported into Brazil must be registered with the

Agricultural Protection Office of the Brazilian Ministry of Agriculture. Documents required for registration include certification of the legal existence of the winery, a description of the facility and its equipment, official certificate of analysis from a laboratory in the country of origin and certification of origin.

Brazilian customs officials are extremely strict in enforcing all paperwork requirements. If there are errors in the documentation, customs officials will confiscate the merchandise. That is one reason why using a reputable importer who is familiar with Brazilian wine regulations is a necessity.

Upon entrance into Brazil, imported wines are subject to chemical analysis. Shipments are put in storage while the tests are being conducted.

The wine label must include the name of the product, ingredients, country of origin, storage instructions, net contents in metric, date of production and shelf life. It is a common practice for importers to add a small adhesive label in Portuguese, Brazil's official language, with the name of the importer and the company's tax registration number. ■

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## Virtual Wine Tasting

**V**irtual wine tasting has been catching on with Brazilian consumers. How does it work?

The producer provides samples to a wine expert, who will taste the wine and make comments over the Internet or by videoconference. This is an interactive endeavor between the wine taster and invited participants, who are able to ask questions about the sampled wines.

While not as effective as a traditional wine tasting, it can be a cost-effective promotional technique for wines already in the market.

For details, see FAS Report BR2613. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.

